Unaudited Interim Report for the 6 month period ended 30 June 2006

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1. Management report

The following management report should be read in conjunction with InBev's unaudited interim consolidated financial statements.

1.1. Main transactions in first half year 2006 and full year 2005, highlighting changes in scope

A number of acquisitions, divestitures and joint ventures affected InBev's profit from operations and financial condition over the past two years. The main transactions are highlighted hereafter.

TRANSACTIONS FIRST SIX MONTHS 2006

ACQUISITION OF FUJIAN SEDRIN BREWERY IN CHINA

On 23 January InBev announced that it reached agreement with various parties to acquire, in a series of transactions, 100% of the shares in Fujian Sedrin Brewery Co. Ltd. ("Sedrin"), the largest brewer in Fujian province, for a total cash consideration of 5 886m RMB. The acquisition was completed on 8 June. The total RMB purchase price of 5 886m was settled in US dollar for an equivalent EUR amount of 621 million.

Combined with InBev's existing operations in China, this transaction positions InBev as one of the largest brewers in China with 36 million hl volumes sold in 2005 and a leading presence in the affluent southeastern part of China.

INCREASE OF SHAREHOLDING IN QUINSA

On 13 April, InBev announced that AmBev has entered into an agreement with Beverage Associates Corp. ("BAC") to acquire all of BAC's remaining shares in Quilmes Industrial SA ("Quinsa") for a total purchase price of approximately 1.2 billion US dollars, subject to certain adjustments, including dividends and interest. Upon the closing of the transaction on 8 August, AmBev's equity interest in Quinsa increased from 56.72% to 91.18%. Since the transaction was closed after 30 June, its effect on the InBev financials has not yet been reflected in this half year report.

This agreement represents the final step of a transaction initiated in May 2002, whereby AmBev acquired an initial stake in Quinsa. The respective agreements provided that BAC had a put option in connection with its remaining shares in Quinsa, in exchange for AmBev's shares. AmBev had a corresponding call right after 2009. Pursuant to this transaction, which supersedes these put and call options, the parties agreed that the purchase price will be paid in cash.

Since the creation of InBev in September 2004, InBev has included the results of Quinsa in its financial statements using the proportionate consolidation method. Following our substantial increase in shareholding in Quinsa, we will fully consolidate Quinsa as from August 2006.

DISPOSAL OF ROLLING ROCK

On 19 May InBev and Anheuser-Busch jointly announced the sale of the Rolling Rock® family of brands. The sales price was 82m US dollars (67m euro) for the US and worldwide rights to Rolling Rock® and Rock Green Light®.

Anheuser Busch began brewing Rolling Rock® and Rock Green Light® in August using the brands' same time honored recipes, maintaining Rolling Rock's craftsmanship and heritage that its fans expect and appreciate.

The decision to sell the Rolling Rock® brands was based on InBev's strategic approach to the US market, which is to focus on the high-growth import brands in our portfolio. InBev's sales and marketing efforts are aimed at maximizing the potential of our leading imported beers, including Stella Artois®, Bass Pale Ale®, Beck's®, Brahma® and Labatt Blue®, and on our strength as the US leader in imported draught beer.

InBev plans to sell its brewery in Latrobe, Pennsylvania USA, which was dedicated to the brewing of Rolling Rock® beer. This decision is consistent with our US business strategy to focus on imported beers. At the date of this half year report, InBev is in discussions with potential buyers to determine the best available option for the Latrobe brewery and its employees.

ACQUISITION OF MINORITY INTERESTS

During the first six months of 2006, InBev purchased significant minority interests in several subsidiaries for a total cash consideration of 238m euro. As the related subsidiaries were already fully consolidated, the purchases did not impact InBev's profit, but reduced the minority interests and thus impacted the profit attributable to equity holders of InBev.

The impact of the minority purchases on InBev's economic interest in the related subsidiaries can be summarized as follows:

Majority interest	30 June 2006	31 December 2005
AmBev Brazil	56.91%	56.57%
Oriental Brewery Co Ltd. (Korea)	100%	95.08%
InBev Germany Holding GmbH, Bremen	100%	97.82%

TRANSACTIONS 2005

During the year 2005 InBev purchased significant minority shareholdings in several subsidiaries for a total cash consideration of 1 580m euro. As the related subsidiaries (with the exception of Quinsa) were already fully consolidated, the purchases did not impact InBev's profit, but reduced the minority interests and thus impacted the profit attributable to equity holders of InBev.

The impact of the minority purchases on InBev's economic interest in the related subsidiaries can be summarized as follows:

Majority interest	31 December 2005	31 December 2004
AmBev Brazil	56.57%	50.27%
Zhejiang Zhedong Brewery (K.K.), China	100.00%	70.00%
Sun Interbrew, Russia	99.80%	76.00%
InBev Germany Holding GmbH, Bremen	97.82%	87.18%
Quinsa Argentina	32.10%	24.07%

In August 2005 InBev closed the acquisition of 100% of the Tinkoff brewery in St. Petersburg, Russia for a total cash consideration of 77m euro. Costs directly attributable to the combination represent 1m euro. The Tinkoff goodwill of 68m euro is justified by i) the immediate alleviation of existing short-term capacity constraints which InBev has faced in Russia, ii) the fact that Tinkoff complements InBev's winning brand portfolio in Russia by adding the leading Russian brand in the fast-growing and highly profitable super-premium segment and iii) further expected growth as a result of leveraging InBev's existing nationwide sales and distribution network.

EVENTS AFTER THE BALANCE SHEET DATE

Please refer to note 20 *Events after the balance sheet date* of the interim consolidated financial statements.

1.2. Selected financial figures

The table below sets out the components of our operating income and our operating expenses, as well as certain other key data.

For the six month period ended 30 June Million euro	2006	%	2005	%
Revenue[1]	**6 176**	**100.0**	**5 220**	**100.0**
Cost of sales	(2 553)	41.3	(2 308)	44.2
Gross profit	**3 623**	**58.7**	**2 912**	**55.8**
Distribution expenses	(751)	12.2	(615)	11.8
Sales and marketing expenses	(1 057)	17.1	(922)	17.6
Administrative expenses	(512)	8.3	(483)	9.3
Other operating income/(expenses)	94	1.5	43	0.8
Normalized profit from operations (normalized EBIT)	**1 397**	**22.6**	**935**	**17.9**
Non-recurring items	(67)	1.1	45	0.9
Profit from operations (EBIT)	**1 330**	**21.5**	**890**	**17.0**
Profit	**893**	**14.5**	**542**	**10.4**
Profit attributable to equity holders of InBev	**561**	**9.1**	**382**	**7.3**
Normalized profit attributable to equity holders of InBev	**602**	**9.7**	**397**	**7.6**
Depreciation, amortization and impairment (recurring)	**(489)**	**7.9**	**(428)**	**8.2**
Depreciation, amortization and impairment (non-recurring)	**(17)**	**0.3**	**(15)**	**0.3**
Normalized EBITDA	**1 886**	**30.5**	**1 363**	**26.1**
EBITDA	**1 836**	**29.7**	**1 333**	**25.5**
Normalized ROIC[2]	13.4		10.1	
ROIC[2]	12.5		10.8	

Note: whenever used in this document, the term "normalized" refers to performance measures (EBITDA, EBIT, Profit, ROIC, EPS) before non-recurring items. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of the company's performance.

[1] Turnover less excise taxes. In many jurisdictions, excise taxes make up a large proportion of the cost of beer charged to our customers.
[2] See Glossary.

1.3. Financial performance

IMPACT OF FOREIGN CURRENCIES

Foreign currency exchange rates may have a significant impact on our financial statements. In the first six months of 2006, 30.5% (2005 – 25.7%) of our revenue was realized in Brazilian reals, 10.6% (2005 – 10.7%) in Canadian dollar, 9.1% (2005 – 9.7%) in pound sterling, 6.5% (2005 – 5.8%) in Russian ruble, 3.7% (2005 – 4.2%) in South Korean won, 3.9% (2005 – 4.2%) in US dollar, and 4.1% (2005 – 3.4%) in Argentinean peso.

In the first half of 2006, the fluctuation of the foreign currency rates had a positive translation impact of 549m euro on revenue, of 239m euro on normalized EBITDA and of 204m euro on normalized profit from operations in comparison to the same period in 2005.

Our profit has been positively affected by the fluctuation of foreign currencies for 146m euro and our EPS base (profit attributable to equity holders of InBev) by 84m euro or 0.14 euro per share.

The impact of the fluctuation of the foreign currencies on our net debt is 105m euro (decrease of net debt) and on our equity is (97)m euro (decrease of equity).

OPERATING ACTIVITIES BY ZONE

The tables below provide a summary of the performance of each geographical zone, for the six month period ended 30 June 2006.

INBEV WORLDWIDE	2005	Acquisitions/ divestitures	Currency translation	Organic growth	2006	Organic growth %
Volumes	104 188	205	-	6 189	110 582	6.0
Revenue	5 220	(9)	549	416	6 176	8.1
Cost of sales	(2 308)	24	(190)	(80)	(2 553)	(3.6)
Gross profit	2 912	15	360	336	3 623	11.6
Distribution expenses	(615)	(2)	(68)	(67)	(751)	(11.0)
Sales & marketing expenses	(922)	(7)	(69)	(59)	(1 057)	(6.5)
Administrative expenses	(483)	3	(33)	1	(512)	(0.1)
Other operating income/(expenses)	43	(7)	13	46	94	128.8
Normalized EBIT	935	2	204	256	1 397	27.3
Normalized EBITDA	1 363	-	239	284	1 886	20.9

NORTH AMERICA	2005	Acquisitions/ divestitures	Currency translation	Organic growth	2006	Organic growth %
Volumes	6 877	(122)	-	173	6 929	2.6
Revenue	778	(7)	100	19	889	2.4
Cost of sales	(307)	5	(32)	(9)	(343)	(2.8)
Gross profit	471	(2)	67	10	546	2.1
Distribution expenses	(119)	-	(18)	(1)	(138)	(1.1)
Sales & marketing expenses	(159)	3	(18)	(5)	(179)	(3.5)
Administrative expenses	(58)	(1)	(7)	7	(59)	12.0
Other operating income/(expenses)	(7)	-	-	2	(5)	30.8
Normalized EBIT	128	-	25	12	165	9.5
Normalized EBITDA	170	-	31	12	212	7.0

LATIN AMERICA	2005	Acquisitions/ divestitures	Currency translation	Organic growth	2006	Organic growth %
Volumes	47 409	992	-	3 742	52 144	7.8
Revenue	1 634	37	383	223	2 277	13.6
Cost of sales	(640)	(20)	(125)	(20)	(805)	(3.2)
Gross profit	994	18	258	202	1 472	20.4
Distribution expenses	(181)	(5)	(42)	(34)	(263)	(18.9)
Sales & marketing expenses	(168)	(16)	(38)	(33)	(255)	(19.8)
Administrative expenses	(114)	(1)	(22)	(6)	(143)	(4.9)
Other operating income/(expenses)	9	-	14	46	68	491.5
Normalized EBIT	539	(5)	170	175	879	32.4
Normalized EBITDA	656	(2)	192	180	1 027	27.5

WESTERN EUROPE	2005	Acquisitions/ divestitures	Currency translation	Organic growth	2006	Organic growth %
Volumes	20 089	(1 420)	-	219	18 888	1.2
Revenue	1 757	(79)	-	67	1 746	4.0
Cost of sales	(813)	60	-	(26)	(779)	(3.4)
Gross profit	944	(19)	-	42	967	4.5
Distribution expenses	(202)	9	-	(13)	(207)	(6.9)
Sales & marketing expenses	(376)	9	-	(1)	(367)	(0.2)
Administrative expenses	(156)	4	-	17	(135)	11.2
Other operating income/(expenses)	(44)	(6)	-	(18)	(68)	(35.8)
Normalized EBIT	168	(3)	-	27	191	16.2
Normalized EBITDA	325	(11)	-	33	347	10.6

CENTRAL & EASTERN EUROPE	2005	Acquisitions/ divestitures	Currency translation	Organic growth	2006	Organic growth %
Volumes	17 991	336	-	1 502	19 829	8.2
Revenue	665	24	33	108	829	16.3
Cost of sales	(334)	(12)	(16)	(30)	(392)	(9.0)
Gross profit	331	11	17	78	437	23.5
Distribution expenses	(85)	(5)	(5)	(17)	(112)	(19.7)
Sales & marketing expenses	(116)	(1)	(5)	(23)	(145)	(20.1)
Administrative expenses	(56)	(2)	(2)	(5)	(65)	(8.6)
Other operating income/(expenses)	(16)	(1)	-	(9)	(26)	(54.0)
Normalized EBIT	58	2	5	24	89	41.7
Normalized EBITDA	132	4	9	36	180	27.7

ASIA PACIFIC	2005	Acquisitions/ divestitures	Currency translation	Organic growth	2006	Organic growth %
Volumes	10 918	560	-	478	11 956	4.5
Revenue	341	16	33	(4)	386	(1.3)
Cost of sales	(175)	(9)	(16)	(3)	(203)	(1.7)
Gross profit	166	7	17	(7)	183	(4.4)
Distribution expenses	(28)	-	(3)	-	(31)	(1.6)
Sales & marketing expenses	(74)	(3)	(8)	2	(83)	3.2
Administrative expenses	(25)	(1)	(2)	3	(25)	11.1
Other operating income/(expenses)	(1)	-	(1)	(3)	(4)	(378.7)
Normalized EBIT	39	4	4	(6)	40	(14.9)
Normalized EBITDA	72	5	7	(4)	80	(5.3)

GLOBAL EXPORT & HOLDING COMPANIES	2005	Acquisitions/ divestitures	Currency translation	Organic growth	2006	Organic growth %
Volumes	904	(141)	-	75	837	9.8
Revenue	45	-	-	4	49	8.0
Cost of sales	(39)	-	-	7	(31)	19.3
Gross profit	6	-	-	11	17	174.2
Distribution expenses	-	-	-	-	-	-
Sales & marketing expenses	(29)	-	-	1	(28)	4.0
Administrative expenses	(74)	4	-	(16)	(86)	(22.5)
Other operating income/(expenses)	101	-	-	28	128	27.6
Normalized EBIT	4	4	-	24	32	297.6
Normalized EBITDA	9	4	-	26	39	201.3

REVENUE

The consolidated revenue was 6 176m euro, +8.1% higher (or +416m euro) yoy. The implementation of revenue management initiatives across the business resulted in revenue growing above volume.

- Latin America had higher revenue/Hl, due to price increases in line with inflation, together with more volumes being sold through direct distribution.
- In Central & Eastern Europe, increased revenue/Hl was mainly the result of better pricing.

Revenue per hl improved by +1.1 euro on an organic basis, more than offsetting an estimated negative "geography" impact of -0.4 euro/hl. This negative geography impact results when countries with lower revenue/hl grow faster than countries with higher revenue/hl.

COST OF SALES

Consolidated CoS was 2 553m euro, an organic increase of -3.6% (or -80m euro). The CoS per hl improved by +0.51 euro organically (+2.3%), of which an estimated 0.11 euro/hl was the positive impact of the change in the geography mix previously explained.

Volume growth, higher revenue/hl, and cost control resulted in consolidated gross margin expansion of 184bp yoy.

OPERATING EXPENSES

Operating expenses were 2 226m euro, representing an increase of -4.0% (or -79m euro) when compared to the first half of 2005.

Distribution expenses increased by -67m euro (-11.0%), as direct distribution expenses in Latin America were higher, and logistics costs grew in Western Europe and Central & Eastern Europe. Sales and marketing expenses rose -59m euro (-6.5%), reflecting the company's commitment to invest to achieve healthy and sustainable top line growth. Administrative expenses decreased by +1m euro (+0.1%), as strong expense control was achieved in nearly all areas of the business.

Other operating income/expenses were +46m euro (+128.8%) better than the first half of 2005. This improvement was mainly due to a release of provisions for non-income taxes, and fiscal incentives, both in Latin America.

NORMALIZED PROFIT FROM OPERATIONS BEFORE DEPRECIATION AND AMORTIZATION (NORMALIZED EBITDA)

Normalized EBITDA was 1 886m euro, or an organic increase of +20.9% (up +284m euro).

- North America EBITDA totaled 212m euro (+7.0% / up +12m euro), based upon very good cost management.
- Latin America EBITDA was 1 027m euro (+27.5% / up +180m euro) due mainly to good sales volumes and revenue growth, only partly offset by more spending on commercial and distribution expenses.
- Western Europe had an EBITDA of 347m euro (+10.6% / up +33m euro), as volumes grew and expenses were contained.
- Central & Eastern Europe delivered 180m euro (+27.7% / up +36m euro) of EBITDA, reflecting primarily a good top line result, which was only partially offset by increased distribution expense and higher marketing and sales spend.
- Asia Pacific generated a 80m euro EBITDA (-5.3% / down -4m euro), mainly as a result of much lower first quarter sales volumes growth in South Korea at relatively high margins, which could not be fully offset by top line growth in China, and a solid achievement in controlling expenses in all areas.
- The EBITDA of Global Export & Holding Companies reached 39m euro (+201.3% / up +26m euro), impacted by higher royalty fees.

As a result of these factors, InBev's EBITDA margin was 30.5% in the first half of 2006 compared to 26.1% in the corresponding period last year, representing an expansion of +442 basis points, of which +311 basis points was organic (i.e. excluding the impact of acquisitions & divestitures, as well as the positive impact of changes in currencies on translation of foreign operations). The currency impact for the first half of 2006 amounted to +239m euro.

PROFIT

Normalized profit attributable to equity holders of InBev was 602m euro (normalized EPS 0.99 euro) in HY06. Reported profit for the period, was impacted by the following:

- Net financing costs: 218m euro, -39m euro higher than HY05, of which -29m euro was due to the negative currency translation impact. Excluding this currency effect, the -10m euro increase in net financing costs is primarily explained by the combined effect of i) the adoption of hedge accounting for part of our bonds since December 2005, ii) better results on economic hedges for which hedge accounting is not applied and iii) lower foreign currency gains as compared to HY05. The latter relates to open positions in the UK and Ukraine for which no hedging was performed since either hedge accounting cannot be applied (e.g. intercompany transactions) or the illiquidity of the local foreign exchange market prevents from hedging at a reasonable cost.
- Income tax expense: 219m euro (19.7% effective tax rate vs. 23.8% in HY05). The decrease in the effective tax rate is mainly explained by the higher profit contribution at a more favorable tax rate versus HY05 from AmBev. This is the result of the interest on equity benefit on one hand, and the effect of the goodwill tax deduction from the merger between InBev Holding Brasil and AmBev, as announced in July 2005, on the other hand.

Profit attributable to minority interests: 332m euro, higher than HY05, mainly due to increased profitability in Latin America, partly offset by the increase of InBev's share in AmBev.

RETURN ON INVESTED CAPITAL

Return on invested capital (ROIC) is calculated as profit from operations after tax, plus share of result of associates and dividend income from investments in equity securities, divided by the invested capital; prorated for acquisitions of subsidiaries done during the year. Invested capital consists of property, plant and equipment, goodwill and intangible assets, investments in associates and equity securities, working capital, provisions, employee benefits and deferred taxes. The normalized return on invested capital excludes the effect of the non-recurring items.

The increase in the (normalized) ROIC between 2005 and 2006 is explained by a strong operational performance in the first half of 2006 in relation to a significant smaller increase in invested capital. Last year's ROIC figures were heavily impacted by the big increase in invested capital due to the purchase of significant minority interests, leading to additional goodwill of 1 739m euro, and by the appreciation of the Brazilian real.

NON-RECURRING ITEMS

EXECUTION BIGGEST TO BEST STRATEGY

The 2006 execution of InBev's Biggest to Best strategy resulted in a net non-recurring charge to profit from operations of 67m euro as at 30 June 2006. This charge relates primarily to organizational alignments in Western Europe, North America, China and at the global headquarters, and to the creation of European and American shared service centers for transactional services.

The changes aim to create clear responsibilities and to eliminate overlapping or duplicated processes and activities across functions and zones, taking into account the right match of employee profiles with the new organizational requirements. The outcome should be a stronger focus on InBev's core activities, cost savings, which should in turn result in added value, quicker decision-making and improvements to efficiency, service and quality.

The following non-recurring items are included in our EBITDA, our profit from operations and our profit attributable to equity holders of InBev:

EBITDA	30 June 2006	30 June 2005
Normalized EBITDA	1 886	1 363
Business disposal	41	5
Restructuring	(91)	(35)
	1 836	**1 333**

PROFIT FROM OPERATIONS	30 June 2006	30 June 2005
Normalized profit from operations (EBIT)	1 397	935
Business disposal	24	5
Restructuring	(91)	(35)
Impairment	-	(15)
	1 330	**890**

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF INBEV	30 June 2006	30 June 2005
Normalized profit attributable to equity holders of InBev	602	397
Business disposal	24	5
Restructuring	(65)	(15)
Impairment	-	(5)
	561	**382**

Further details on the nature of the non-recurring items are disclosed in note 7 *Non-recurring items*.

1.4. Liquidity position and capital resources

CASH FLOWS

Our cash flow from operating activities increased from 573m euro in the first half of 2005 to 1 209m euro in the first half of 2006, or 111%, mainly explained by a strong increase in the cash generated from operations (613m euro).

The evolution of the cash used in investment activities from (1 635)m euro in the first six months of 2005 to (1 280)m euro in the first six months of 2006 is mainly explained by the strong decrease in the purchase of minority interests when compared to previous period, partially compensated by the acquisition of the Fujian Sedrin Brewery (603m euro), net of cash acquired.

The cash inflow from our financing activities decreased from 505m euro in the first six months of 2005 to 150m euro in the first six months of 2006, impacted by lower proceeds from borrowings and 58m euro cash outflow for the purchase of treasury shares.

CAPITAL EXPENDITURES AND ACQUISITIONS

We spent 432m euro in the first six months of 2006 and 551m euro in the first six months of 2005 on acquiring capital assets. The decrease in net capex is mainly explained by the 67m euro proceeds from the sale of the Rolling Rock® brands. For the first half year of 2006, out of the total capital expenditures, approximately 61% was used to improve our production facilities while 32% was used for logistics and commercial investments. Approximately 7% was used for improving administrative capabilities and purchase of hardware and software.

We spent 606m euro in the first six months of 2006 on acquiring businesses (of which Sedrin for 603m euro) compared to no acquisition expenditures during the same period last year. As regards purchases of minority interests, we spent 238m euro during the first half of 2006 compared to 1 124m euro in the same period of 2005. As already mentioned above, our principal purchases of minority interests relate to AmBev Brazil, Oriental Brewery in Korea and InBev Germany Holding GmbH.

CAPITAL RESOURCES AND EQUITY

InBev's net financial debt increased to 5 344m euro as of June 2006, from 4 867m euro as of December 2005. Apart from operating results net of capital expenditures, the increase in net debt is primarily the result of the financing of the Fujian Sedrin acquisition (603m euro); the InBev and AmBev share buyback programs (200m euro); additional purchases of shares in Oriental Brewery (28m euro) and InBev Germany Holding GmbH (68m euro); dividend payments to shareholders of InBev (284m euro); dividend payments to minority shareholders of AmBev (126m euro), partly offset by the impact of changes in foreign exchange rates (105m euro).

Consolidated equity attributable to equity holders of InBev as at 30 June 2006 was 11 651m euro, compared with 11 471m euro at the end of 2005. Foreign exchange translation adjustments impacted equity negatively with (97)m euro. Further details on equity movements can be found in note 15 *Changes in equity* to the interim consolidated financial statements.

1.5. Research & development

Similar to the first 6 months of 2005 we invested in the first half of 2006 6m euro in research and development. Part of this was invested in the area of market research, but the majority is related to innovation in the areas of process optimization especially as it pertains to capacity, new product developments and packaging initiatives. Knowledge management and learning is also an integral part of research and development and a lot of value is placed on collaborations with universities and other industries to continuously enhance our knowledge.

1.6. Risks and uncertainties

Judgments made by management in the application of IFRS that may have a significant effect on the financial statements and estimates with a significant risk of material adjustment are disclosed in the relevant notes of the consolidated financial statements. Important contingencies are disclosed in note 19 *Contingencies* of the interim consolidated financial statements.

2. Unaudited consolidated financial statements

2.1. Unaudited consolidated income statement

For the six month period ended 30 June Million euro	Notes	2006	2005
Revenue		**6 176**	**5 220**
Cost of sales		(2 553)	(2 308)
Gross profit		**3 623**	**2 912**
Distribution expenses		(751)	(615)
Sales and marketing expenses		(1 057)	(922)
Administrative expenses		(512)	(483)
Other operating income/(expenses)	6	94	43
Profit from operations before non-recurring items		**1 397**	**935**
Restructuring	7	(91)	(35)
Business disposal	7	24	5
Impairment	7	-	(15)
Profit from operations		**1 330**	**890**
Net financing costs	10	(218)	(179)
Profit before tax		**1 112**	**711**
Income tax expense	11	(219)	(169)
Profit		**893**	**542**
Attributable to:			
Equity holders of InBev		561	382
Minority interests		332	160
Weighted average number of ordinary shares (million shares)		608	594
Diluted weighted average number of ordinary shares (million shares)		613	598
Period-end number of ordinary shares, net of treasury shares (million shares)		608	607
Basic earnings per share		0.92	0.64
Diluted earnings per share		0.91	0.64
Earnings per share before non-recurring items		0.99	0.67
Diluted earnings per share before non-recurring items		0.98	0.67

2.2. Unaudited consolidated statement of recognized gains and losses

For the period ended 30 June Million euro	2006	2005
Exchange differences on translation of foreign operations (gains/(losses))	(112)	1 487
Full recognition of actuarial gains and (losses)	(3)	-
Cash flow hedges	48	(34)
Net result recognized directly in equity	**(67)**	**1 453**
Profit	893	542
Total recognized gains and losses	**826**	**1 995**
Attributable to:		
Equity holders of InBev	**509**	**1 696**
Minority interests	**317**	**299**

2.3. Unaudited consolidated balance sheet

As at Million euro	Notes	30 June 2006	31 December 2005
ASSETS			
Non-current assets			
Property, plant and equipment	12	5 970	5 997
Goodwill	13	11 633	11 108
Intangible assets	14	722	540
Interest-bearing loans granted		8	30
Investments in associates		4	6
Investment securities		52	38
Deferred tax assets		907	930
Employee benefits		11	20
Trade and other receivables		624	629
		19 931	**19 298**
Current assets			
Interest-bearing loans granted		2	5
Investment securities		162	175
Inventories		954	929
Income tax receivable		192	123
Trade and other receivables		2 487	2 351
Cash and cash equivalents		716	613
Assets held for sale		41	67
		4 554	**4 263**
Total assets		**24 485**	**23 561**
EQUITY AND LIABILITIES			
Equity			
Issued capital	15	471	470
Share premium	15	7 361	7 334
Reserves	15	852	969
Retained earnings	15	2 967	2 698
Equity attributable to equity holders of InBev		**11 651**	**11 471**
Minority interests	15	529	379
		12 180	**11 850**
Non-current liabilities			
Interest-bearing loans and borrowings	16	4 936	4 466
Employee benefits		887	935
Deferred tax liabilities		346	274
Trade and other payables		228	269
Provisions		431	578
		6 828	**6 522**
Current liabilities			
Bank overdrafts		105	61
Interest-bearing loans and borrowings	16	1 201	1 171
Income tax payable		279	278
Trade and other payables		3 518	3 463
Provisions		371	198
Liabilities held for sale		3	18
		5 477	**5 189**
Total equity and liabilities		**24 485**	**23 561**

2.4. Unaudited consolidated cash flow statement

For the period ended 30 June Million euro	2006	2005
OPERATING ACTIVITIES		
Profit	893	542
Depreciation	451	398
Amortization of intangible assets	36	32
Impairment losses (other than goodwill and receivables)	19	16
Write-off receivables	8	-
Net financing costs	218	179
Loss/(gain) on sale of property, plant and equipment	6	(5)
Loss/(gain) on sale of intangible assets	(68)	-
Equity-settled share-based payment expense	25	25
Income tax expense	219	169
Cash flow from operating activities before changes in working capital and provisions	**1 807**	**1 356**
Decrease/(increase) in trade and other receivables	(122)	35
Decrease/(increase) in inventories	(29)	(13)
Increase/(decrease) in trade and other payables	19	(327)
Increase/(decrease) in provisions	(32)	(21)
Cash generated from operations	**1 643**	**1 030**
Interest paid	(241)	(259)
Interest received	51	51
Dividends received	1	2
Income tax paid	(245)	(251)
CASH FLOW FROM OPERATING ACTIVITIES	**1 209**	**573**
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	33	27
Proceeds from sale of intangible assets	69	-
Proceeds from sale of investment securities	11	84
Repayments of loans granted to customers	8	25
Sale of subsidiaries, net of cash disposed of	(1)	5
Acquisition of subsidiaries, net of cash acquired	(606)	-
Purchase of minority interests	(238)	(1 124)
Acquisition of property, plant and equipment	(471)	(444)
Acquisition of intangible assets	(63)	(134)
Acquisition of investment securities	(16)	(66)
Payments of loans granted to customers	(6)	(8)
CASH FLOW FROM INVESTING ACTIVITIES	**(1 280)**	**(1 635)**
FINANCING ACTIVITIES		
Proceeds from the issue of share capital	28	3
Purchase of treasury shares	(58)	-
Reimbursement of capital	-	(4)
Proceeds from borrowings	3 495	3 858
Repayment of borrowings	(2 846)	(2 965)
Cash net financing costs other than interests	(49)	(24)
Payment of finance lease liabilities	(1)	(3)
Dividends paid	(419)	(360)
CASH FLOW FROM FINANCING ACTIVITIES	**150**	**505**
Net increase/(decrease) in cash and cash equivalents	**79**	**(557)**
Cash and cash equivalents less bank overdrafts at beginning of period	552	875
Effect of exchange rate fluctuations	(20)	38
Cash and cash equivalents less bank overdrafts at end of period	**611**	**356**

2.5. Notes to the consolidated financial statements

1. CORPORATE INFORMATION

InBev NV is a company domiciled and publicly traded (Euronext: INB) in Belgium. The company's origins date back to 1366, and today it is the leading global brewer by volume. InBev's strategy is to strengthen its local platforms by building significant positions in the world's major beer markets through organic growth, world-class efficiency, targeted acquisitions, and by putting consumers first. InBev has a portfolio of more than 200 brands, including Stella Artois®, Brahma®, Beck's®, Skol®, Leffe®, Hoegaarden®, Staropramen® and Bass®. InBev employs some 85 000 people, running operations in over 30 countries across the Americas, Europe and Asia Pacific.

The unaudited interim consolidated financial statements of the company for the period ended 30 June 2006 comprise the company and its subsidiaries (together referred to as "InBev" or the "company") and the company's interest in associates and jointly controlled entities.

The unaudited interim consolidated financial statements were authorized for issue by the board of directors on 6 September 2006.

2. STATEMENT OF COMPLIANCE

The unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union up to 30 June 2006. InBev did not apply any European carve-outs from IFRS meaning that our financials fully comply with IFRS. The accounting policies applied are consistent with those applied in the annual consolidated financial statements ended 31 December 2005. InBev has not applied IFRS requirements that are not yet effective in 2006.

As prescribed by IAS 34 *Interim Financial Reporting* this IFRS interim financial report is prepared in accordance with IAS 34.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The financial statements are presented in euro, rounded to the nearest million. Depending on the applicable IFRS requirements, the measurement basis used in preparing the financial statements is cost, net realizable value, fair value or recoverable amount. Whenever IFRS provides an option between cost and another measurement basis (e.g. systematic remeasurement), the cost approach is applied.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes hereafter.

(B) FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

EXCHANGE RATES

The following exchange rates have been used in preparing the financial statements.

1 euro equals:	Closing rate			Average rate		
	30 June 2006	31 December 2005	Evolution in %	30 June 2006	30 June 2005	Evolution in %
Argentinean peso	3.921646	3.571543	(9.8)	3.736320	3.805957	1.8
Brazilian real	2.751471	2.761317	0.4	2.692276	3.349871	19.6
Bulgarian lev	1.955799	1.956300	-	1.955837	1.955799	-
Canadian dollar	1.413200	1.372501	(3.0)	1.393251	1.605716	13.2
Chinese yuan	10.163118	9.520455	(6.8)	9.894231	10.772612	8.2
Croatian kuna	7.244330	7.375610	1.8	7.303962	7.465361	2.2
Hungarian forint	283.366393	252.844501	(12.1)	259.672812	247.708695	(4.8)
Pound sterling	0.692100	0.685300	(1.0)	0.687655	0.688055	0.1
Russian ruble	33.975470	34.184528	0.6	34.011292	36.370249	6.5
Serbian dinar	85.999312	85.499316	(0.6)	86.873425	80.703737	(7.6)
South Korean won	1 206.272618	1 184.834123	(1.8)	1 182.033097	1 319.261214	10.4
Ukrainian hryvnia	6.327152	5.971611	(6.0)	6.216083	6.779155	8.3
US dollar	1.271301	1.179700	(7.8)	1.221611	1.301587	6.1

(C) RECENTLY ISSUED IFRS

There are no new standards or interpretations that are not yet effective which have been early applied in this half year report. InBev anticipates applying IFRS 7 *Financial Instruments: Disclosures* and the complementary amendment to IAS 1 *Presentation of Financial Statements—Capital Disclosures* in its full year 2006 financials.

IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES

In August 2005, the International Accounting Standards Board (IASB) issued International Financial Reporting Standard (IFRS) 7 *Financial Instruments: Disclosures* and a complementary Amendment to IAS 1 *Presentation of Financial Statements—Capital Disclosures*. IFRS 7 introduces new requirements to improve the information on financial instruments that is given in entities' financial statements. It replaces IAS 30 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and some of the requirements in IAS 32 *Financial Instruments: Disclosure and Presentation*. The amendment to IAS 1 introduces requirements for disclosures about an entity's capital. While these new IFRS requirements are only effective as from 1 January 2007 InBev anticipates applying them already in its 2006 annual financial statements as part of its continued efforts to enhance transparency. Indeed, IFRS 7 is believed to lead to greater transparency with regard to the risks that InBev runs from the use of financial instruments. This, combined with the new requirements in IAS 1, should provide better information for investors and other users of our financial statements to make informed judgments about risk and return.

4. SEGMENT REPORTING

PRIMARY SEGMENTS

Million euro, except volume (million hl) and FTE (units)

For the six month period ended 30 June	North America		Latin America		Western Europe		Central & Eastern Europe		Asia Pacific		Global export and holding companies		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Volume	**7**	**7**	**52**	**47**	**19**	**20**	**20**	**18**	**12**	**11**	**1**	**1**	**111**	**104**
Revenue	**889**	**778**	**2 277**	**1 634**	**1 746**	**1 757**	**829**	**665**	**386**	**341**	**49**	**45**	**6 176**	**5 220**
Cost of goods sold	(343)	(307)	(805)	(640)	(779)	(813)	(392)	(334)	(203)	(175)	(31)	(39)	(2 553)	(2 308)
Distribution expenses	(138)	(119)	(263)	(181)	(207)	(202)	(112)	(85)	(31)	(28)	-	-	(751)	(615)
Sales and marketing expenses	(179)	(159)	(255)	(168)	(367)	(376)	(145)	(116)	(83)	(74)	(28)	(29)	(1 057)	(922)
Administrative expenses	(59)	(58)	(143)	(114)	(135)	(156)	(65)	(56)	(25)	(25)	(86)	(74)	(512)	(483)
Other operating income/(expenses)	(5)	(7)	68	9	(68)	(44)	(26)	(16)	(4)	(1)	128	101	94	43
Normalized profit from operations (EBIT)	**165**	**128**	**879**	**539**	**191**	**168**	**89**	**58**	**40**	**39**	**32**	**4**	**1 397**	**935**
Restructuring	(9)	(32)	-	-	(60)	(3)	(3)	-	(9)	-	(9)	-	(91)	(35)
Business disposal	24	-	-	-	-	-	-	5	-	-	-	-	24	5
Impairment	-	(10)	-	(1)	-	(3)	-	(1)	-	-	-	-	-	(15)
Profit from operations (EBIT)	**181**	**86**	**879**	**538**	**131**	**161**	**86**	**62**	**31**	**39**	**23**	**4**	**1 330**	**890**
Net financing cost	(23)	(17)	(140)	(136)	(93)	(104)	(20)	(6)	(8)	(6)	65	90	(218)	(179)
Income tax expense	(61)	(23)	(105)	(134)	(17)	(19)	(14)	(8)	(10)	(12)	(13)	26	(219)	(169)
Profit	**98**	**47**	**635**	**268**	**21**	**39**	**51**	**47**	**13**	**21**	**75**	**120**	**893**	**542**
Normalized profit	80	74	635	269	61	43	54	44	22	21	84	120	936	570
EBITDA	245	138	1 027	656	287	322	177	136	70	72	30	9	1 836	1 333
Normalized EBITDA	212	170	1 027	656	347	325	180	132	80	72	39	9	1 886	1 363
EBITDA margin (normalized) in %	23.9	21.8	45.1	40.2	19.9	18.5	21.7	19.8	20.7	21.0	79.7	19.2	30.5	26.1
Segment assets	2 324	2 309	8 711	8 083	5 295	5 279	2 869	2 491	2 866	2 070	764	691	22 829	20 923
Investm. in associates													4	5
Intersegment elimination													(514)	(390)
Non-segmented assets													2 166	1 849
Total assets													**24 485**	**22 387**
Segment liabilities	862	789	1 216	1 108	2 313	2 271	451	333	431	362	400	275	5 674	5 138
Intersegment elimination													(514)	(390)
Non-segm. liabilities													19 325	17 639
Total liabilities													**24 485**	**22 387**
Gross capex	33	47	139	116	138	218	168	161	37	33	17	3	534	578
Impairment losses/(reversals)	17	10	2	2	-	3	-	2	-	-	-	-	19	18
Depreciation & amortization	48	43	145	116	157	158	91	74	39	33	7	6	487	430
Additions to/(reversals of) provisions	33	12	(21)	1	56	4	1	-	-	-	10	-	79	17
FTE	6 567	6 956	28 355	26 633	12 014	13 399	13 495	13 613	23 719	16 526	636	678	84 786	77 805

SECONDARY SEGMENTS

Million euro, except volume (million hl)

For the six month period ended 30 June	Beer		Non-beer		Consolidated	
	2006	2005	2006	2005	2006	2005
Volume	96	89	15	15	111	104
Revenue	5 727	4 818	449	402	6 176	5 220
Total assets	22 563	20 112	1 922	2 275	24 485	22 387
Gross capex	505	556	29	22	534	578

5. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The table below summarizes the impact of the acquisitions and disposals on the financial position of InBev:

For the six month period ended 30 June Million euro	2006 Acquisitions	2006 Disposals	2005 Acquisitions	2005 Disposals
Non-current assets				
Property, plant and equipment	98	-	1	(9)
Intangible assets	161	-	-	-
Trade and other receivables	2	-	-	-
Current assets				
Inventories	14	-	1	-
Trade and other receivables	8	-	2	(1)
Cash and cash equivalents	22	(5)	-	-
Assets held for sale	-	(29)		
Minority interests	-	2	-	-
Non-current liabilities				
Interest-bearing loans and borrowings	(8)	-	-	-
Provisions	(2)	-	-	-
Deferred tax liabilities	(54)	-	-	-
Current liabilities				
Interest-bearing loans and borrowings	(9)	-	-	-
Income tax payable	-	-	-	-
Trade and other payables	(78)	-	(2)	-
Liabilities held for sale	-	19	-	-
Net identifiable assets and liabilities	**154**	**(13)**	**2**	**(10)**
Goodwill on acquisition	474	-	2	-
Loss/(gain) on disposal	-	9	-	5
Part of acquisitions paid in the previous year	-	-	(4)	-
Consideration paid/(received), satisfied in cash	**628**	**(4)**	**-**	**(5)**
Cash (acquired)/disposed of	(22)	5	-	-
Net cash outflow/(inflow)	**606**	**1**	**-**	**(5)**

The following major transactions took place in the first half of 2006:

- On 23 January InBev announced that it reached agreement with various parties to acquire, in a series of transactions, 100% of the shares in Fujian Sedrin Brewery Co. Ltd. ("Sedrin"), the largest brewer in Fujian province, for a total cash consideration of 5 886m RMB. The acquisition was completed on 8 June 2006. The total RMB purchase price of 5 886m was settled in US dollar for an equivalent euro amount of 621 million. Costs directly attributable to the combination represent 3m euro. The amounts recognized at the acquisition date for each class of Sedrin's assets, liabilities and contingent liabilities are included in the column "2006 Acquisitions" of the above table. The Sedrin goodwill of 471m euro is justified by i) the fact that Sedrin is one of the most profitable brewers in China (in recent years EBITDA margin was in excess of 30%), ii) cost and revenue synergies, iii) a high caliber management team and iv) an excellent distribution network. The Sedrin transaction consolidates InBev stronghold in wealthy Southeast China. Combined with InBev's existing operations in China, this transaction positions InBev as one of the largest brewers in China with 36 million hl volumes sold in 2005.

  Sedrin contributed EUR 3m to the 2006 half year profit of InBev. If the acquisition date would have been 1 January 2006 it was estimated that InBev's revenue and profit would have been higher by approximately 62m and 6m euro, respectively.

- On 13 April InBev announced that AmBev has entered into an agreement with Beverage Associates Corp. ("BAC") to acquire all of BAC's remaining shares in Quinsa for a total purchase price of approximately 1.2 billion US dollars, subject to certain adjustments, including dividends and interest. The transaction was closed on 8 August and increases AmBev's equity interest in Quinsa from 56.72% to 91.18%. As this transaction was not yet closed at 30 June 2006 its effect on the InBev financials has not yet been reflected in this half year report.

6. OTHER OPERATING INCOME/(EXPENSES)

Million euro	June 2006	June 2005
Government grants	50	28
(Additions to)/reversals of provisions	22	(2)
Net gain/(loss) on disposal of property, plant and equipment and intangible assets	10	5
Net rent income	9	11
Net other operating income	3	1
	94	**43**
Research and development expenses as incurred	6	6

The government grants relate primarily to fiscal incentives given by certain Brazilian states based on the company's operations and investments in those states. The increase as compared to 2005 is explained by higher activities in those states.

7. NON-RECURRING ITEMS

InBev's management performance rewards are based on several criteria, including profitability of the company. To measure management's performance, profit from operations and profit, as reported in accordance with IFRS, are adjusted for certain items approved by the compensation committee of the board of directors. These items include the non-recurring items as detailed below. From an IFRS perspective, the items warrant separate disclosure because of their significance.

The non-recurring items included in the income statement are as follows:

Million euro	30 June 2006	30 June 2005
Profit from operations before non-recurring items	**1 397**	**935**
Restructuring	(91)	(35)
Business disposal	24	5
Impairment	-	(15)
Profit from operations	**1 330**	**890**

The 2006 non-recurring restructuring charges of 91m euro relate primarily to the realignment of the structures and processes in Western Europe, North America, China and at the global headquarters, and to the creation of European and American shared service centers for transactional services. These changes aim to create clear responsibilities and to eliminate overlapping or duplicated processes and activities across functions and zones, taking into account the right match of employee profiles with the new organizational requirements. The outcome should be a stronger focus on InBev's core activities, cost savings, which should in turn result in added value, quicker decision-making and improvements to efficiency, service and quality.

The sale of the Rolling Rock® family of brands in May 2006 resulted in a net business disposal gain of 24m euro. This net gain comprises the proceeds from the brands sold (67m euro) as well as related discontinuance (26m euro) and impairment charges (17m euro).

The 2005 non-recurring restructuring and impairment charges mainly comprise 41m euro of closure costs for the Toronto brewey in Canada, including impairment of tangible assets of 10m euro.

All the above amounts are before income taxes. The 2006 and 2005 non-recurring items as at 30 June decreased income taxes by respectively 23m and 16m euro.

8. PAYROLL AND RELATED BENEFITS

Million euro	30 June 2006	30 June 2005
Wages and salaries	697	610
Social security contributions	155	139
Other personnel cost	98	99
Pension expense for defined benefit plans	38	57
Contributions to defined contribution plans	3	2
	991	**907**
Average number of full time equivalents (FTE)	84 786	77 805

The lower pension expense as compared to last year is mainly explained by the curtailment loss of 20m euro that was recognized in Canada in June 2005.

The average number of full time equivalents can be split as follows:

	30 June 2006	30 June 2005
InBev NV (parent company)	354	315
Subsidiaries	78 777	72 349
Proportionally consolidated entities	5 655	5 141
	84 786	**77 805**

Note 4 *Segment reporting* contains the split of the FTE by geographical segment.

9. ADDITIONAL INFORMATION ON OPERATING EXPENSES BY NATURE

Depreciation, amortization and impairment charges are included in the following line items of the 30 June 2006 income statement:

Million euro	Depreciation and impairment of property, plant and equipment	Amortization and impairment of intangible assets
Cost of sales	(309)	(1)
Distribution expenses	(25)	(1)
Sales and marketing expenses	(76)	(21)
Administrative expenses	(43)	(13)
Non-recurring items	(17)	-
	(470)	**(36)**

10. NET FINANCING COSTS

Million euro	30 June 2006	30 June 2005
Interest expense	(257)	(227)
Interest income	56	53
Accretion expense	(15)	(8)
Dividend income, non-consolidated companies	1	2
Net foreign exchange gains	1	32
Net revaluation to fair value of derivatives	20	-
Net gains/(losses) on sale of available-for-sale financial assets	4	3
Non derivative financial instruments at fair value through profit or loss	2	(1)
Taxes on financial transactions	(20)	(20)
Other, including bank fees	(10)	(13)
	(218)	**(179)**

The increase in interest expense by 30m euro as compared to 2005 is fully explained by the negative currency translation effect of primarily the Brazilian real and Canadian dollar for which the average exchange rate decreased by respectively 19.6% and 13.2% (see also note 3 (B) *Foreign currencies*) as compared to last year.

The decrease in net foreign exchange gains from 32m euro last year to 1m euro at 30 June 2006 and the increase in the gain from the net revaluation to fair value of derivatives by 20m euro is the combined effect of i) the adoption of hedge accounting for part of our bonds since December 2005, ii) better results on economic hedges for which hedge accounting is not applied and iii) lower foreign currency gains as compared to the first six months of 2005. The latter relates to open positions in the UK and Ukraine for which no hedging was performed since either hedge accounting cannot be applied (e.g. intercompany transactions) or the illiquidity of the local foreign exchange market prevents from hedging at a reasonable cost.

11. INCOME TAXES

Income taxes recognized in the income statement can be detailed as follows:

Million euro	30 June 2006	30 June 2005
Current tax expense	(174)	(136)
Deferred tax expense	(45)	(33)
Total income tax expense in the income statement	**(219)**	**(169)**

The reconciliation of the aggregated weighted nominal tax rate with the effective tax rate can be summarized as follows:

Million euro	30 June 2006	30 June 2005
Profit before tax	1 112	711
Deduct share of result of associates	-	-
Profit before tax and before share of result of associates	**1 112**	**711**
Adjustments on taxable basis		
Expenses not deductible for tax purposes	121	154
Non-taxable financial and other income	(68)	(37)
	1 165	**828**
Aggregated weighted nominal tax rate	**33.4%**	**31.6%**
Tax at aggregated weighted nominal tax rate	(389)	(262)
Adjustments on tax expense		
Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized	(27)	(5)
Recognition of deferred tax assets on previous years' tax losses	6	-
Overprovided in prior years	6	32
Tax savings from tax credits	177	38
Tax savings from special tax status	40	31
Withholding taxes	(31)	(3)
Other	(1)	-
	(219)	**(169)**
Effective tax rate	**19.7%**	**23.8%**

The decrease in non deductible tax expenses from 154m euro in 2005 to 121m euro in 2006 is primarily explained by lower intercompany gains which were last year taxed while eliminated in the InBev consolidated financials. The increase in non-taxable financial and other income from 37m euro last year to 68m euro in 2006 is mainly the result of higher financial income that is not subject to income taxes.

The strong increase in tax savings from tax credits from 38m euro in 2005 to 177m euro in 2006 is mainly explained by the AmBev goodwill tax deduction from the merger between InBev Holding Brasil and AmBev as announced in July 2005 and higher interest on equity payment at AmBev level.

The higher withholding taxes are primarily related to higher 2006 profits for which withholding taxes are due upon distribution to the parent companies.

12. PROPERTY, PLANT AND EQUIPMENT

Million euro	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Acquisition cost					
Balance at end of previous year	3 227	8 398	2 215	401	14 241
Effect of movements in foreign exchange	(41)	(119)	(19)	(5)	(184)
Change in interest percentage for proportionally consolidated entities	10	28	7	1	46
Acquisitions through business combinations	30	108	6	7	151
Other acquisitions	20	196	81	174	471
Other disposals	(13)	(58)	(19)	-	(90)
Transfer to other asset categories	(49)	(18)	49	(174)	(192)
Other movements	-	-	1	(8)	(7)
Balance at end of period	**3 184**	**8 535**	**2 321**	**396**	**14 436**
Depreciation and impairment losses					
Balance at end of previous year	(1 366)	(5 292)	(1 586)	-	(8 244)
Effect of movements in foreign exchange	13	73	13	-	99
Change in interest percentage for proportionally consolidated entities	(3)	(21)	(6)	-	(30)
Acquisitions through business combinations	(6)	(45)	(2)	-	(53)
Other disposals	4	33	15	-	52
Depreciation	(62)	(276)	(113)	-	(451)
Impairment losses	(5)	(14)	-	-	(19)
Transfer to other asset categories	60	123	(2)	(1)	180
Balance at end of period	**(1 365)**	**(5 419)**	**(1 681)**	**(1)**	**(8 466)**
Carrying amount					
at 1 January 2006	**1 861**	**3 106**	**629**	**401**	**5 997**
at 30 June 2006	**1 819**	**3 116**	**640**	**395**	**5 970**

The carrying amount of property, plant and equipment pledged as collateral for liabilities amounts to 382m euro.

13. GOODWILL

Million euro	
Acquisition cost	
Balance at end of previous year	11 108
Effect of movements in foreign exchange	(109)
Change in % for proportionally consolidated entities	4
Acquisitions through business combinations	474
Purchases of minority interests	156
Balance at end of period	**11 633**
Impairment losses	
Balance at end of previous year	-
Impairment losses	-
Balance at end of period	**-**
Carrying amount	
at 1 January 2006	**11 108**
at 30 June 2006	**11 633**

On 8 June 2006, InBev completed the acquisition of 100% of the shares in Fujian Sedrin Brewery Co. Ltd., the largest brewer in the province of Fujian (China). This transaction resulted in the recognition of goodwill for an amount of 471m euro.

During the first 6 months of 2006, InBev purchased significant minority interests in several subsidiaries for a total amount of 238m euro. These purchases resulted in an increase of goodwill by 156m euro. As the related subsidiaries were already fully consolidated, the purchases did not impact InBev's profit, but reduced the minority interests and thus impacted the profit attributable to equity holders of InBev.

The impact of the minority purchases on InBev's economic interest in the related subsidiaries can be summarized as follows:

Majority interest	30 June 2006	31 December 2005
AmBev Brazil	56.91%	56.57%
Oriental Brewery Co Ltd. (Korea)	100%	95.08%
InBev Germany Holding GmbH, Bremen	100%	97.82%

InBev's annual goodwill impairment testing is performed during the fourth quarter of the year.

14. INTANGIBLE ASSETS

Million euro	Useful life Indefinite	Finite	Advance payments	Total
Acquisition cost				
Balance at end of previous year	272	594	11	877
Effect of movements in foreign exchange	(5)	(14)	-	(19)
Change in interest percentage for proportionally consolidated entities	-	5	-	5
Acquisitions through business combinations	153	9	-	162
Other acquisitions and expenditures	-	59	4	63
Other disposals	-	(11)	-	(11)
Transfer to other asset categories	8	5	(14)	(1)
Other movements	-	(3)	2	(1)
Balance at end of period	**428**	**644**	**3**	**1 075**
Amortization and impairment losses				
Balance at end of previous year	(41)	(296)	-	(337)
Effect of movements in foreign exchange	3	3	-	6
Amortization	-	(36)	-	(36)
Acquisitions through business combinations	-	(1)	-	(1)
Other disposals	-	13	-	13
Transfer to other asset categories	-	(2)	-	(2)
Other movements	-	4	-	4
Balance at end of period	**(38)**	**(315)**	**-**	**(353)**
Carrying value				
at 1 January 2006	**231**	**298**	**11**	**540**
at 30 June 2006	**390**	**329**	**3**	**722**

InBev is the owner of some of the world's most valuable brands in the beer industry. As a result, certain brands and distribution rights are expected to generate positive cash flows for as long as the company owns the brands and distribution rights. Given InBev's more than 600-year history, certain brands and their distribution rights have been assigned indefinite lives.

Intangible assets with indefinite useful lives are tested for impairment during the fourth quarter of the year.

The increase of intangible assets with indefinite useful life is explained by the acquisition of the Sedrin brands – See note 5 *Acquisitions and disposals of subsidiaries*.

15. CHANGES IN EQUITY

The table below summarizes the changes in equity that took place during the years 2005 and 2006:

Million euro	Attributable to equity holders of InBev										Minority interest	Total equity
	Issued capital	Share premium	Treasury shares	Share-based payment reserves	Trans-lation reserves	Hedging reserves	Actuarial gains/ losses	Other reserves	Retained earnings	Total		
As per 31 December 2004	**444**	**6 471**	**(6)**	**13**	**(311)**	**(20)**	**(220)**	**9**	**1 954**	**8 334**	**359**	**8 693**
Total recognized gains and losses	-	-	-	-	1 357	(43)	-	-	382	1 696	299	1 995
Shares issued	24	814	-	-	-	-	-	-	-	838	-	838
Dividends	-	-	-	-	-	-	-	-	(225)	(225)	(178)	(403)
Share-based payments	-	-	-	37	-	-	-	-	-	37	11	48
Treasury shares	-	-	-	-	-	-	-	-	(23)	(23)	-	(23)
Prospective adoption IFRS 3	-	-	-	-	-	-	-	-	45	45	-	45
Scope changes	-	-	-	-	-	-	-	-	-	-	(82)	(82)
As per 30 June 2005	**468**	**7 285**	**(6)**	**50**	**1 046**	**(63)**	**(220)**	**9**	**2 133**	**10 702**	**409**	**11 111**

Million euro	Attributable to equity holders of InBev										Minority interest	Total equity
	Issued capital	Share premium	Treasury shares	Share-based payment reserves	Trans-lation reserves	Hedging reserves	Actuarial gains/ losses	Other reserves	Retained earnings	Total		
As per 31 December 2005	**470**	**7 334**	**(66)**	**64**	**1 283**	**(14)**	**(306)**	**8**	**2 698**	**11 471**	**379**	**11 850**
Total recognized gains and losses	-	-	-	-	(97)	48	(3)	-	561	509	317	826
Shares issued	1	27	-	-	-	-	-	-	-	28	-	28
Dividends	-	-	-	-	-	-	-	-	(292)	(292)	(136)	(428)
Share-based payments	-	-	-	(7)	-	-	-	-	-	(7)	(4)	(11)
Treasury shares	-	-	(45)	-	-	-	-	(11)	-	(56)	(6)	(62)
Other	-	-	-	-	-	-	-	(2)	-	(2)	(1)	(3)
Scope changes	-	-	-	-	-	-	-	-	-	-	(20)	(20)
As per 30 June 2006	**471**	**7 361**	**(111)**	**57**	**1 186**	**34**	**(309)**	**(5)**	**2 967**	**11 651**	**529**	**12 180**

The movement in *Share-based payment reserves* of (7)m euro is the result of 25m euro expense for 2006 (see also note 17 *Share-based payments*) and (32)m euro related to the settlement of the 2005 bonus.

STATEMENT OF CAPITAL

ISSUED CAPITAL	Million euro	Million shares
At the end of the previous year	470	610
Changes during the period	1	1
	471	**611**

TREASURY SHARES	Million euro	Million shares
At the end of the previous year	66	1.9
Changes during the period	45	1.3
	111	**3.2**

During the first six months of 2006, InBev repurchased 1.5m own shares on the Euronext Brussels Stock Exchange. The shares were redeemed at the share price of the day for a total value of 58m euro. 0.3m shares (8m euro) were used to settle the exercise of employee share options.

16. INTEREST-BEARING LOANS AND BORROWINGS

The interest-bearing loans and borrowings can be detailed as follows:

NON-CURRENT LIABILITIES Million euro	30 June 2006	31 December 2005
Secured bank loans	156	137
Unsecured bank loans	3 525	2 927
Unsecured bonds	1 095	1 222
Unsecured other loans	152	172
Finance lease liabilities	8	8
	4 936	**4 466**

The increase in unsecured bank loans by 598m euro is primarily related to the financing of the Sedrin acquisition – see also note 5 *Acquisitions and disposals of subsidiairies.*

The decrease of the non-current unsecured bonds by 127 m euro is for an amount of 114m euro explained by fair value changes following InBev's fair value hedge accounting for foreign exchange and interest rate risks of these bonds.

CURRENT LIABILITIES Million euro	30 June 2006	31 December 2005
Secured bank loans	65	67
Unsecured bank loans	957	936
Unsecured bond issues	140	132
Secured other loans	35	32
Unsecured other loans	2	2
Finance lease liabilities	2	2
	1 201	**1 171**

TERMS AND DEBT REPAYMENT SCHEDULE Million euro	Total	1 year or less	1-2 years	2-5 years	More than 5 years
Secured bank loans	221	65	3	122	31
Unsecured bank loans	4 482	957	79	1 463	1 983
Unsecured bond issues	1 235	140	25	198	872
Secured other loans	35	35	-	-	-
Unsecured other loans	154	2	6	136	10
Finance lease liabilities	10	2	2	3	3
	6 137	**1 201**	**115**	**1 922**	**2 899**

17. SHARE-BASED PAYMENTS

Different share option programs allow company senior management and members of the board of directors to acquire shares of InBev or AmBev. The fair value of these share-based payment compensations is estimated at grant date, using the binomial Hull model, modified to reflect the IFRS 2 *Share-based Payment* requirement that assumptions about forfeiture before the end of the vesting period cannot impact the fair value of the option. During 2006 InBev adopted the binomial Hull model because it better reflects the effects of employee share option features like forfeiture after the vesting period, vesting and employee exercise behavior. Untill 2005 InBev used the Black-Scholes-Merton option pricing model to determine the fair values of its employee share options granted.

The fair value of options granted to employees is expensed over the vesting period. Under the new bonus plan that was introduced in 2005, the related options issued during the second quarter of 2006 cliff vest after 5 years. InBev issued a total of 0.6m of such options representing a fair value of approximately 8m euro. In addition, as a transitional measure, 0.6m options were granted under the old InBev option plan. These options gradually vest over a period of 3 years (one third on 1 January of 2008, one third on 1 January 2009 and one third on 1 January 2010) and represent a fair value of approximately 7m euro.

The weighted average fair value of the options and assumptions used in applying the InBev option pricing model for the 2006 grants are as follows:

Amounts in euro unless otherwise indicated	30 June 2006
Fair value of options granted	12.17
Share price	37.73
Exercise price	39.64
Expected volatility	26%
Expected dividends	1.44%
Risk-free interest rate	4.21%

Since the acceptance period of the options is two months, the fair value was determined as the average of the fair values calculated on a weekly basis during the two months offer period.

Expected volatility is based on historical volatility (exponentially weighted moving average) calculated using 250 days of historical data. The Hull binomial model assumes that all employees would immediately exercise their options if the InBev share price is 2.5 times above the exercise price. As a result, no single expected option life applies.

Under an equivalent 5 year cliff vesting plan, AmBev has issued during the second quarter of 2006 69m options for which the fair value amounts to approximately 11m euro. The fair value of the options and assumptions used in applying the binomial Hull option pricing model for the 2006 AmBev grant are as follows:

Amounts in euro unless otherwise indicated	30 June 2006
Fair value of options granted	0.16
Share price	0.37
Exercise price	0.37
Expected volatility	30%
Expected dividends	5%
Risk-free interest rate	14.47%

Share-based payment transactions resulted in a total expense of 25m euro for the half year 2006 and 25m euro for the half year 2005.

18. FINANCIAL INSTRUMENTS – MARKET AND OTHER RISKS

Changes in market conditions that give rise to market risk include changes in interest rates, commodity prices and foreign exchange rates. At 30 June 2006, no material changes are warranted to our disclosures on market risk made in note 27 *Financial instruments* of our 31 December 2005 annual financial statements.

19. CONTINGENCIES

InBev U.S.A. L.L.C., Labatt Brewing Company Limited, and numerous other U.S., Canadian and European beer and alcohol producers have been named in a putative class action lawsuit seeking damages and injunctive relief over alleged marketing of alcoholic beverages to underage consumers. Lawsuits have been filed in various states to date, predominantly by the same firm. The lawsuits are all essentially similar in nature. InBev USA L.L.C. and Labatt Brewing Company Limited were named in several of the suits, however the parties agreed in April 2006 to voluntarily dismiss foreign defendants, including Labatt Brewing Company Limited. The dismissal requires certain document preservation by Labatt and allows refiling of the lawsuits in limited circumstances. The company will vigorously defend this litigation. It is not possible at this time to estimate the possible range of loss, if any, of these lawsuits.

Certain subsidiaries of AmBev have received tax assessments totaling 3 010m real, related to corporate Brazilian taxation of income generated outside Brazil. On 19 October 2005, AmBev was officially notified of an administrative Lower Court decision, recognizing that a substantial portion of the amount of the tax assessment mentioned above was incorrect. This decision reduced the amount of such tax assessments to 2 451m real (891m euro). AmBev disputes the validity of these tax assessments and intends to vigorously defend its case. No provision has been recorded related to these tax assessments.

20. EVENTS AFTER THE BALANCE SHEET DATE

On 8 August, AmBev closed the transaction with Beverage Associates Corp. ("BAC") acquiring all of BAC's remaining shares in Quinsa for a total purchase price of 1.25 billion US dollars. As a result, AmBev's equity interest in Quinsa has increased from 56.72% to 91.18%. AmBev expects the transaction to increase synergies between the operations of Quinsa and AmBev throughout Argentina, Uruguay, Paraguay, Bolivia and Chile. The transaction reflects InBev's commitment to grow in these markets.

As a result of this transaction, Quinsa will no longer be consolidated using the proportionate method, but will be fully integrated as from August 2006 in the consolidated financial statements.

As the closing of the transaction occurred after 30 June 2006, its effect on the InBev financials has not yet been reflected in this half year report.

3. Glossary

AGGREGATED WEIGHTED NOMINAL TAX RATE
Calculated by applying the statutory tax rate of each country on the profit before tax of each entity and by dividing the resulting tax charge by the total profit before tax of the company.

CASH INTEREST COVERAGE
EBITDA minus gross capex, divided by net interest expenses.

DEBT EQUITY RATIO
Net debt divided by equity attributable to equity holders of InBev.

DILUTED EPS BEFORE GOODWILL
Profit attributable to equity holders of InBev, plus impairment of goodwill, divided by the fully diluted weighted average number of ordinary shares.

DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES
Weighted average number of ordinary shares, adjusted by the effect of share options on issue.

EBIT
Profit from operations.

EBITDA
Profit from operations plus depreciation and amortization.

EPS
Profit attributable to equity holders of InBev, plus impairment of goodwill, divided by the weighted average number of ordinary shares.

INVESTED CAPITAL
Includes property, plant and equipment, goodwill and intangible assets, investments in associates and equity securities, working capital, provisions, employee benefits and deferred taxes.

MARKETING EXPENSES
Include all costs relating to the support and promotion of the brands. They include among others operating costs (payroll, office costs, etc.) of the marketing department, advertising costs (agency costs, media costs, etc.), sponsoring and events, and surveys and market research.

NET CAPEX
Acquisitions of property, plant and equipment and of intangible assets, minus proceeds from sale.

NET DEBT
Non-current and current interest-bearing loans and borrowings and bank overdrafts, minus debt securities and cash.

NON-RECURRING ITEMS
Items of income or expense which do not occur regularly as part of the normal activities of the company, and which amount to minimum 5m euro before tax.

NORMALIZED
The term "normalized" refers to performance measures (EBITDA, EBIT, Profit, ROIC, EPS) before non-recurring items. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of the company's performance.

NORMALIZED DILUTED EPS BEFORE GOODWILL
Diluted EPS before goodwill, adjusted for non-recurring items.

NORMALIZED EBIT
Profit from operations adjusted for non-recurring items.

NORMALIZED EBITDA
Profit from operations adjusted for non-recurring items, plus depreciation and amortization.

NORMALIZED EPS BEFORE GOODWILL
EPS before goodwill, adjusted for non-recurring items.

NORMALIZED PROFIT
Profit adjusted for non-recurring items.

NORMALIZED PROFIT FROM OPERATIONS
Profit from operations adjusted for non-recurring items.

NORMALIZED RETURN ON INVESTED CAPITAL (NORMALIZED ROIC)
Return on invested capital (ROIC), adjusted for non-recurring items.

PAY OUT RATIO
Gross dividend per share multiplied by the number of outstanding ordinary shares at year-end, divided by profit attributable to equity holders of InBev.

RETURN ON INVESTED CAPITAL (ROIC)
Profit from operations after tax, plus share of result of associates and dividend income from investments in equity securities, divided by the invested capital; prorated for acquisitions of subsidiaries done during the year.

REVENUE
Gross revenue less excise taxes and discounts.

SALES EXPENSES
Include all costs relating to the selling of the products. They include among others the operating costs (payroll, office costs, etc.) of the sales department and the sales force.

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES
Number of shares outstanding at the beginning of the period, adjusted by the number of shares cancelled, repurchased or issued during the period multiplied by a time-weighting factor.

WORKING CAPITAL
Includes inventories, trade and other receivables and trade and other payables, both current and non-current.